

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Bellevue Community Fire Board</b>	County <b>Eaton</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>1/20/06</b>	Date Accountant Report Submitted to State: <b>1/20/06</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

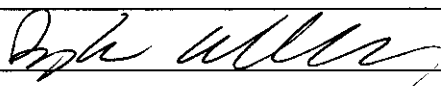
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Douglas Wohlberg, CPA</b>			
Street Address <b>PO Box 1013</b>	City <b>Byron Center</b>	State <b>MI</b>	ZIP <b>49315</b>
Accountant Signature 		Date <b>1/20/06</b>	

# **Bellevue Community Fire Control Board**

Eaton County, Michigan

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**

**Year Ended March 31, 2005**

# **Bellevue Community Fire Control Board**

**Eaton County, Michigan**

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**March 31, 2005**

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## INDEPENDENT AUDITORS' REPORT

To the Board  
Bellevue Community Fire Control Board  
Eaton County, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund information of Bellevue Community Fire Control Board as of and for the year ended March 31, 2005, which comprises the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bellevue Community Fire Control Board management. Our responsibility is to express opinions on these financial statements based on our audit.


We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Bellevue Community Fire Control Board as of March 31, 2005, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedule is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

As described in Note 12, the Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, and related statements as of April 1, 2004. In adopting this statement, the financial statements now include government-wide full accrual financial statements and reorganized fund-based statements.



Byron Center, Michigan  
January 20, 2006

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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# Bellevue Community Fire Control Board

Eaton County, Michigan

## Statement of Net Assets

For the year ended March 31, 2005

	Governmental activities
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 37,401
Capital assets - net	325,722
<b>TOTAL ASSETS</b>	<b>\$ 363,123</b>
<b><u>LIABILITIES</u></b>	
Accrued and other liabilities	7,536
<b><u>NET ASSETS</u></b>	
Unrestricted	355,587
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 363,123</b>

The Notes to the Financial Statements are an integral part of this statement.

# Bellevue Community Fire Control Board

Eaton County, Michigan

## Statement of Activities

For the year ended March 31, 2005

Functions/Programs	Expenses	Charges for services	Governmental activities
<u>Primary government</u>			
Governmental activities			
Public safety	\$ 134,112	\$ 24,810	\$ (109,302)
<u>General Revenues</u>			
Unrestricted investment income			4,134
Gain on sale			1,500
Miscellaneous			112,141
Total general revenues - special items and transfers			117,775
Change in net assets			8,473
Net assets at beginning of year			347,114
Net assets at end of year		\$	355,587

The Notes to the Financial Statements are an integral part of this statement.

# Bellevue Community Fire Control Board

Eaton County, Michigan

Governmental Funds

## Balance Sheet

March 31, 2005

General Fund	
<b><u>ASSETS</u></b>	
Cash	\$ 37,401
<b><u>LIABILITIES AND FUND EQUITY</u></b>	
Accrued wages payable	\$ 7,536
<b><u>FUND BALANCES</u></b>	
Undesignated	29,865
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 37,401</b>

The Notes to the Financial Statements are an integral part of this statement.



# **Bellevue Community Fire Control Board**

**Eaton County, Michigan**

## **Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets**

**For the year ended March 31, 2005**

<b>Total fund balances - total governmental funds</b>			<b>\$</b>	<b>29,865</b>
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>				
<b>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</b>				
Capital assets at cost				348,988
Accumulated depreciation				(23,266)
<b>Net capital assets</b>				<b>325,722</b>
<b>Net assets of governmental activities</b>			<b>\$</b>	<b>355,587</b>

**The Notes to the Financial Statements are an integral part of this statement.**

# Bellevue Community Fire Control Board

Eaton County, Michigan

Governmental Funds

## Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended March 31, 2005

General Fund	
<b>REVENUE</b>	
Charges for services	\$ 24,810
Interest and rents	4,134
Other	113,641
<b>TOTAL REVENUE</b>	<b>142,585</b>
<b>EXPENDITURES</b>	
Public safety	143,302
<b>NET CHANGE IN FUND BALANCES</b>	<b>(717)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>30,582</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 29,865</b>

The Notes to the Financial Statements are an integral part of this statement.

# **Bellevue Community Fire Control Board**

**Eaton County, Michigan**

## **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

**For the year ended March 31, 2005**

<hr/>		
Net change in fund balances - total governmental funds	\$	(717)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of		
activities, the cost of those assets is allocated over their estimated useful lives as depreciation		
expense. This is the amount of capital outlay added to capital assets.		
		32,456
Some expense reported in the statement of activities do not require the use of current financial		
resources and therefore are not reported as expenditures in governmental funds:		
Depreciation		(23,266)
<hr/>		
Change in net assets of government activities	\$	8,473
<hr/>		

The Notes to the Financial Statements are an integral part of this statement.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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# **Bellevue Community Fire Control Board**

**Eaton County, Michigan**

## **Notes to Basic Financial Statements**

**For the year ended March 31, 2005**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Bellevue Community Fire Control Board conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Bellevue Community Fire Control Board:

#### **A. Reporting Entity**

The governing body of the Bellevue Community Fire Control Board has five members. Each of the four participating members appoints one member from their governing bodies. The fifth member is appointed from the participating members' governing bodies on a rotational basis. The Authority has no component units, entities for which the government is considered to be financially accountable.

#### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

This reporting model provides for separate financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Bellevue Community Fire Control Board has no proprietary funds. The Authority has no fiduciary funds.

# **Bellevue Community Fire Control Board**

**Eaton County, Michigan**

## **Notes to Basic Financial Statements**

**For the year ended March 31, 2005**

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### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The government reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

# **Bellevue Community Fire Control Board**

**Eaton County, Michigan**

## **Notes to Basic Financial Statements**

**For the year ended March 31, 2005**

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### **D. Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments--**Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

All trade receivables are shown net of allowance for uncollectible amounts.

**Capital Assets--**Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Fire trucks	15 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

**Fund Equity--**In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

# **Bellevue Community Fire Control Board**

**Eaton County, Michigan**

## **Notes to Basic Financial Statements**

**For the year ended March 31, 2005**

### **NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Authority normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before March 1, the Authority Treasurer submits to the Board, a proposed operating budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Authority hall to obtain taxpayer comments.

On or before March 31, the budget is adopted by resolution.

Any revisions that alter the total expenditures of any fund must be approved by the Authority Board.

Budgeted amounts are presented as originally adopted, or as amended by the Authority Board before March 31. The budget was not amended during the year.

Budgets as presented for the General Fund are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Authority Board throughout the operating year.

The Authority legally adopts budgets for the General Fund.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Authority Board.

The legal level of control is at the activity level of the General Fund.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the fund level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.



# Bellevue Community Fire Control Board

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended March 31, 2005

Excess of Expenditures Over Appropriations in Budgeted Funds--During the year, Bellevue Community Fire Control Board incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

	Budget appropriation	Actual Expenditure
General Fund		
Public safety	\$ 108,550	\$ 143,302

### NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes Bellevue Community Fire Control Board to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Authority is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Bellevue Community Fire Control Board Board has designated one bank for the deposit of Authority funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

Bellevue Community Fire Control Board's deposits and investment policy are in accordance with statutory authority.

At year-end, the Authority's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental activities
Cash and cash equivalents	\$ 37,401

The bank balance of the Authority's deposits is \$67,812, of which \$67,812 is covered by federal depository insurance and \$0 is uninsured and uncollateralized. All of the Authority's deposits were in Hastings City Bank.

# Bellevue Community Fire Control Board

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended March 31, 2005

### **NOTE 4 - CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

<b>Governmental Activities</b>	<b>Balance April 1, 2004</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance March 31, 2005</b>
<b>Capital assets being depreciated:</b>				
Vehicles	\$ 316,532	\$ 32,456	\$	\$ 348,988
<b>Accumulated depreciation:</b>				
Vehicles		23,266		23,266
<b>Net capital assets being depreciated</b>	<b>\$ 316,532</b>	<b>\$ 9,190</b>	<b>\$</b>	<b>\$ 325,722</b>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

Public safety	\$ 23,266
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### **NOTE 5 - RISK MANAGEMENT**

Bellevue Community Fire Control Board is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. Bellevue Community Fire Control Board has purchased commercial insurance for all claims and participates in the Michigan Municipal Risk Management Authority for claims relating to employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

### **NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS**

The Authority has no post-retirement benefit plans.

# **Bellevue Community Fire Control Board**

**Eaton County, Michigan**

## **Notes to Basic Financial Statements**

**For the year ended March 31, 2005**

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### **NOTE 7 - ACCOUNTING AND REPORTING CHANGE**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements - and Management Discussion and Analysis - For State and Local Governments. The Bellevue Community Fire Control Board has applied the provisions of this statement in the accompanying financial statements, except for the management's discussion and analysis, but has included the notes to the financial statements. The Authority has elected to implement the general provisions, but not the retroactive reporting of the infrastructure. Certain significant changes in the statement include the following:

- Financial statements prepared using full accrual accounting for all of the Authority's activities
- A change in the fund financial statements to focus on major funds
- Capital assets in the governmental activities column of the statement of net assets that previously had been reported in the General Fixed Assets Account Group.

Net Assets - Beginning of year - As previously reported - Governmental Fund Types (General Fund)	\$	30,582
Capitalization of capital assets - Net of accumulated depreciation		316,532
Net assets - Beginning of year - As restated		347,114

## REQUIRED SUPPLEMENTAL INFORMATION

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# Bellevue Community Fire Control Board

Eaton County, Michigan

General Fund

Balance Sheet

March 31, 2005

	2005	2004
<b>ASSETS</b>		
Cash	\$ 37,401	\$ 38,118
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Accrued wages payable	\$ 7,536	\$ 7,536
<b>FUND BALANCES</b>		
Undesignated fund balance	29,865	30,582
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 37,401</b>	<b>\$ 38,118</b>

# Bellevue Community Fire Control Board

Eaton County, Michigan

General Fund

## Budgetary Comparison Schedule

For the year ended March 31, 2005 with comparative actual amounts for 2004

	Original budget	Final budget	Actual	Variance with final budget	2004
<b>REVENUES</b>					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 63,720
Charges for services	29,000	29,000	24,810	(4,190)	37,666
Interest and Rentals					
Interest on investments	1,000	1,000	4,134	3,134	3,109
Other Revenue					
Contributions from local units	80,000	80,000	112,141	32,141	278,008
Contributions and donations	-	-	-	-	7,575
Sale of fixed assets	-	-	1,500	1,500	500
Total Other Revenue	80,000	80,000	113,641	33,641	286,083
<b>TOTAL REVENUES</b>	<b>110,000</b>	<b>110,000</b>	<b>142,585</b>	<b>32,585</b>	<b>390,578</b>
<b>EXPENDITURES</b>					
Fire department					
Salaries	35,600	35,600	29,733	5,867	33,590
Payroll taxes	2,500	2,500	2,261	239	2,570
Supplies	4,600	4,600	3,578	1,022	2,303
Contractual services	31,900	31,900	28,272	3,628	24,931
Utilities	4,350	4,350	4,043	307	3,621
Repairs	1,500	1,500	18,822	(17,322)	17,646
Capital outlay	28,100	28,100	56,593	(28,493)	320,294
Prior period adjustment	-	-	-	-	5,000
Total Fire department	108,550	108,550	143,302	(34,752)	409,955
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,450</b>	<b>1,450</b>	<b>(717)</b>	<b>(2,167)</b>	<b>(19,377)</b>
Fund balance at beginning of year	30,582	30,582	30,582	-	49,959
Fund balance at end of year	\$ 32,032	\$ 32,032	\$ 29,865	\$ (2,167)	\$ 30,582

## AUDITORS' REPORTS

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## COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Board  
Bellevue Community Fire Control Board  
Eaton County, Michigan

We have audited the general purpose financial statements of Bellevue Community Fire Control Board, Eaton County, Michigan for the year ended March 31, 2005, and have issued our report thereon dated January 20, 2006. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated January 20, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Bellevue Community Fire Control Board. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Bellevue Community Fire Control Board's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Bellevue Community Fire Control Board are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2005. We noted no transactions entered into by Bellevue Community Fire Control Board during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Authority Board and management of Bellevue Community Fire Control Board and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA  
Byron Center, Michigan  
January 20, 2006



## MANAGEMENT COMMENTS LETTER

To the Board  
Bellevue Community Fire Control Board  
Eaton County, Michigan

In planning and performing our audit of the financial statements of Bellevue Community Fire Control Board for the year ended March 31, 2005 we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated January 20, 2006 on the financial statements of Bellevue Community Fire Control Board

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations

A handwritten signature in black ink, reading "Douglas Wohlberg". The signature is written in a cursive, flowing style with a large loop at the end of the last name.

Douglas Wohlberg, CPA  
Byron Center, Michigan  
January 20, 2006

**Bellevue Community Fire Control Board  
Eaton County, Michigan  
March 31, 2005  
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**Prior comments and suggestions**

1. Record in the minutes when budgets are adopted or amended

Resolution: More detail is being provided.

2. Record in the minutes more detail of any additional amounts received from participating units.

Resolution: More detail is being provided.

3. Record in the minutes more detail of any grant money received.

Resolution: No grant money was received in the current year.

**Current comments and suggestions**

We have no comments for the year ended March 31, 2005.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board  
Bellevue Community Fire Control Board  
Eaton County, Michigan

We have audited the general purpose financial statements of Bellevue Community Fire Control Board, Eaton County, Michigan as of and for the year ended March 31, 2005, and have issued our report thereon dated January 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

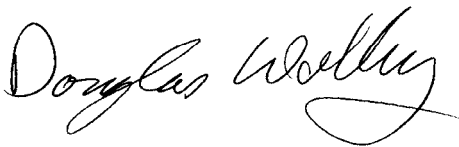
**Compliance**

As part of obtaining reasonable assurance about whether Bellevue Community Fire Control Board's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Bellevue Community Fire Control Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA  
Byron Center, Michigan  
January 20, 2006